

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Richland
Kalamazoo County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2006

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Richland, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Richland, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Richland, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Richland, Michigan, as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information on pages 17 through 21, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Richland, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

**Board of Trustees
Township of Richland, Michigan
Page 2**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Richland, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

July 18, 2006

BASIC FINANCIAL STATEMENTS

Township of Richland
STATEMENT OF NET ASSETS
March 31, 2006

**Governmental
activities**

ASSETS

Current assets:

Cash	\$ 1,527,873
Receivables	<u>179,495</u>

Total current assets 1,707,368

Noncurrent assets:

Receivables	84,500
Capital assets, net of accumulated depreciation	<u>2,492,487</u>

Total noncurrent assets 2,576,987

Total assets 4,284,355

LIABILITIES

Current liabilities:

Payables	34,059
Contract payable	<u>39,427</u>

Total current liabilities 73,486

Noncurrent liabilities - contract payable 94,596

Total liabilities 168,082

NET ASSETS

Invested in capital assets 2,492,487

Restricted for:

Public safety	427,707
Capital improvements	264,209

Unrestricted 931,870

Total net assets \$ 4,116,273

See notes to financial statements

Township of Richland
STATEMENT OF ACTIVITIES
Year ended March 31, 2006

		<u>Program revenues</u>			<u>Net (expenses)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>revenues and</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>	<u>grants and</u>	<u>changes in</u>
Functions/Programs			contributions	contributions	Governmental
					activities
Governmental activities:					
Legislative	\$ 3,428	\$ -	\$ -	\$ -	\$ (3,428)
General government	411,413	29,753	-	-	(381,660)
Public safety	360,718	186,849	1,925	67,868	(104,076)
Public works	268,142	26,050	5,555	-	(236,537)
Community and economic development	43,192	10,600	-	-	(32,592)
Culture and recreation	123,192	8,585	500	-	(114,107)
Interest on long-term debt	<u>12,401</u>	<u>-</u>	<u>-</u>	<u>12,401</u>	<u>-</u>
Total governmental activities	<u>\$1,222,486</u>	<u>\$ 261,837</u>	<u>\$ 7,980</u>	<u>\$ 80,269</u>	<u>(872,400)</u>
General revenues:					
Property taxes					340,013
State shared revenue					403,130
Cable franchise fees					33,574
Unrestricted interest income					30,051
Other					<u>17,461</u>
Total general revenues					<u>824,229</u>
Change in net assets					(48,171)
Net assets - beginning					<u>4,164,444</u>
Net assets - ending					<u>\$ 4,116,273</u>

See notes to financial statements

Township of Richland
BALANCE SHEET - governmental funds

March 31, 2006

	Major funds		
	General	Fire	Water Improvement
ASSETS			
Cash	\$ 731,448	\$ 410,397	\$ 264,448
Receivables	99,748	17,310	4,586
Due from other funds	5,950	-	-
Total assets	<u>\$ 837,146</u>	<u>\$ 427,707</u>	<u>\$ 269,034</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 25,731	\$ -	\$ -
Due to other funds	-	-	4,825
Deferred revenue	-	-	-
Total liabilities	<u>25,731</u>	<u>-</u>	<u>4,825</u>
Fund balances:			
Reserved for capital improvements	-	-	264,209
Unreserved, undesignated	811,415	427,707	-
Unreserved, undesignated reported in nonmajor: Special revenue funds	-	-	-
Total fund balances	<u>811,415</u>	<u>427,707</u>	<u>264,209</u>
Total liabilities and fund balances	<u>\$ 837,146</u>	<u>\$ 427,707</u>	<u>\$ 269,034</u>

Total fund balances - total governmental funds

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<u>1987 Water District</u>	<u>Sewer Debt Service</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ 121,580	\$ 1,527,873
-	142,351	-	263,995
-	-	-	5,950
<u>\$ -</u>	<u>\$ 142,351</u>	<u>\$ 121,580</u>	<u>\$ 1,797,818</u>

\$ -	\$ 8,328	\$ -	\$ 34,059
-	-	1,125	5,950
-	134,023	-	134,023
<u>-</u>	<u>142,351</u>	<u>1,125</u>	<u>174,032</u>

-	-	-	264,209
-	-	-	1,239,122
-	-	120,455	120,455
-	-	120,455	1,503,331
<u>\$ -</u>	<u>\$ 142,351</u>	<u>\$ 121,580</u>	<u>\$ 1,677,363</u>

\$ 1,503,331

2,492,487

134,023

(134,023)

\$ 3,995,818

See notes to financial statements

Township of Richland**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds**

Year ended March 31, 2006

	Major funds		
	General	Fire	Water Improvement
REVENUES			
Property taxes	\$ 348,584	\$ -	\$ -
Licenses and permits	211,542	-	-
Federal grants	-	47,868	-
State grants	408,685	-	-
Charges for services	43,943	-	17,479
Interest and rentals	15,716	8,463	7,225
Other	29,120	20,000	-
Total revenues	<u>1,057,590</u>	<u>76,331</u>	<u>24,704</u>
EXPENDITURES			
Legislative	3,428	-	-
General government	398,471	-	-
Public safety	277,427	-	-
Public works	83,752	-	-
Community and economic development	40,685	-	-
Culture and recreation	97,538	-	-
Capital outlay	81,415	356,666	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>982,716</u>	<u>356,666</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>74,874</u>	<u>(280,335)</u>	<u>24,704</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	-
Transfer out	-	-	(26,172)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(26,172)</u>
NET CHANGES IN FUND BALANCES	74,874	(280,335)	(1,468)
FUND BALANCES - BEGINNING	<u>736,541</u>	<u>708,042</u>	<u>265,677</u>
FUND BALANCES - ENDING	<u>\$ 811,415</u>	<u>\$ 427,707</u>	<u>\$ 264,209</u>

<u>1987 Water District</u>	<u>Sewer Debt Service</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ -	\$ 348,584
-	-	1,925	213,467
-	-	-	47,868
-	-	-	408,685
-	-	-	61,422
1,555	12,401	1,362	46,722
-	44,036	-	93,156
<u>1,555</u>	<u>56,437</u>	<u>3,287</u>	<u>1,219,904</u>
-	-	-	3,428
-	-	-	398,471
-	-	224	277,651
174,811	-	-	258,563
-	-	-	40,685
-	-	-	97,538
-	-	-	438,081
-	44,036	-	44,036
-	12,401	-	12,401
<u>174,811</u>	<u>56,437</u>	<u>224</u>	<u>1,570,854</u>
<u>(173,256)</u>	<u>-</u>	<u>3,063</u>	<u>(350,950)</u>
26,172	-	-	26,172
-	-	-	(26,172)
<u>26,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
(147,084)	-	3,063	(350,950)
<u>147,084</u>	<u>-</u>	<u>117,392</u>	<u>1,974,736</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,455</u>	<u>\$ 1,623,786</u>

See notes to financial statements

Township of Richland

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2006

Net change in fund balances - total governmental funds \$ (350,950)

Amounts reported for *governmental activities* in the statement of activities
(page 6) are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets are allocated over their
estimated useful lives as depreciation expense.

Add - capital outlay	418,666
Deduct - depreciation provision	(114,334)
Deduct - basis of assets disposed	(1,553)

Because some special assessments will not be collected until subsequent
periods, they are not considered available revenues and are deferred in the
governmental funds. Deferred special assessment revenues decreased by
this amount in the current period.

(44,036)

Repayment of principal on long-term debt is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets.

44,036

Change in net assets of *governmental activities*

\$ (48,171)

See notes to financial statements

Township of Richland
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Richland, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used to finance capital costs of the Township's fire department. The equity of the fund consists of prior year tax revenues. A separate levy is no longer assessed by the Township.

The Water Improvement Fund accounts for the Township's water system improvements financed through connection fees.

The 1987 Water District Fund accounts for the Township's water system improvements made in 1987 and financed through a special assessment district.

The Sewer Debt Service Fund accounts for the funding and payment of principal and interest on debt associated with the Township's sewer system improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (Continued):

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared roads costs and similar items), are reported in the government-wide financial statements. Capital assets other than infrastructure are defined by the Township as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Equipment	3 - 10 years
Vehicles	20 - 40 years
Shared road costs	7 - 20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variance:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Public safety	\$ 274,300	\$ 277,427	\$ 3,127

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2006, the Township had deposits with a carrying amount of \$1,527,873 as is reported in the statement of net assets.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2006, \$1,185,759 of the Township's bank balances of \$1,685,759 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's funds are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Interest</i>	<i>Other</i>	<i>Total</i>
General	\$ 17,659	\$ -	\$ 80,664	\$ -	\$ 1,425	\$ 99,748
Fire	-	-	17,310	-	-	17,310
Water Improvement	-	-	-	4,586	-	4,586
Sewer Debt Service	-	142,351	-	-	-	142,351
Totals	<u>\$ 17,659</u>	<u>\$ 142,351</u>	<u>\$ 97,974</u>	<u>\$ 4,586</u>	<u>\$ 1,425</u>	<u>\$ 263,995</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 84,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,500</u>

All receivables are considered fully collectible.

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 358,242	\$ -	\$ -	\$ 358,242
Capital assets being depreciated:				
Land improvements	373,824	64,030	-	437,854
Buildings	1,164,744	-	-	1,164,744
Fire equipment and vehicles	793,931	354,636	31,055	1,117,512
Office equipment	72,263	-	-	72,263
Shared road costs	88,375	-	-	88,375
Subtotal	<u>2,493,137</u>	<u>418,666</u>	<u>31,055</u>	<u>2,880,748</u>
Less accumulated depreciation for:				
Land improvements	49,002	20,933	-	69,935
Buildings	188,443	26,148	-	214,591
Fire equipment and vehicles	367,840	52,967	29,502	391,305
Office equipment	50,065	4,707	-	54,772
Shared road costs	6,321	9,579	-	15,900
Subtotal	<u>661,671</u>	<u>114,334</u>	<u>29,502</u>	<u>746,503</u>
Total capital assets being depreciated, net	<u>1,831,466</u>	<u>304,332</u>	<u>1,553</u>	<u>2,134,245</u>
Governmental activities capital assets, net	<u>\$ 2,189,708</u>	<u>\$ 304,332</u>	<u>\$ 1,553</u>	<u>\$ 2,492,487</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 10,790
Public safety	68,311
Public works	9,579
Culture and recreation	<u>25,654</u>
Total governmental activities	<u>\$ 114,334</u>

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - NONCURRENT LIABILITIES:

Noncurrent liabilities at March 31, 2006, are comprised of the following issue:

Special assessment debt:

The Township has a contractual agreement to remit to the Gull Lake Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

Sewer District 90-1	\$ 110,340
Sewer District 93-1	<u>23,683</u>
	<u>\$ 134,023</u>

Noncurrent liability activity for the year ended March 31, 2006, is as follows:

Beginning	\$ 178,059
Retirements	<u>(44,036)</u>
Ending	<u>\$ 134,023</u>
Due within one year	<u>\$ 39,427</u>

Debt service requirements at March 31, 2006, are as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 39,427	\$ 9,382
2008	39,426	6,622
2009	27,585	3,862
2010	<u>27,585</u>	<u>1,931</u>
Totals	<u>\$ 134,023</u>	<u>\$ 21,797</u>

All debt is secured by the full faith and credit of the Township.

NOTE 7 - PAYABLES:

Payables as of year end for the Township's funds are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 25,731	\$ -	\$ 25,731
Sewer Debt Service	<u>-</u>	<u>8,328</u>	<u>8,328</u>
Totals	<u>\$ 25,731</u>	<u>\$ 8,328</u>	<u>\$ 34,059</u>

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES:

At March 31, 2006, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ <u>5,950</u>	Water Improvement	\$ 4,825
		Nonmajor funds	<u>1,125</u>
		Total	\$ <u>5,950</u>

The interfund receivables of the General Fund represent temporary cash flow assistance.

The interfund transfer, of \$26,172, from the Water Improvement Fund to the 1987 Water District Fund, represents conversion of a temporary transfer to a permanent transfer.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for all its elected officials through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Officials are eligible to participate from the date they are elected to office. The Township annually contributes 12% of the official's base salary or \$100, whichever is greater, and the contribution is fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for management of plan assets.

The Township made the required contributions of \$15,473 during the year ended March 31, 2006.

NOTE 10 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2006, follows:

Revenues	\$ 173,470
Expenses	<u>174,197</u>
Deficiency of revenues over expenses	\$ <u>(727)</u>

NOTE 11 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Richland
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 260,600	\$ 260,600	\$ 348,584	\$ 87,984
Licenses and permits	138,700	189,200	211,542	22,342
State grants	363,000	363,000	408,685	45,685
Charges for services	20,150	30,000	43,943	13,943
Interest and rentals	7,000	7,000	15,716	8,716
Other	5,100	5,750	29,120	23,370
Total revenues	<u>794,550</u>	<u>855,550</u>	<u>1,057,590</u>	<u>202,040</u>
EXPENDITURES				
Legislative	<u>6,850</u>	<u>5,850</u>	<u>3,428</u>	<u>2,422</u>
General government:				
Supervisor	55,245	55,245	53,962	1,283
Election	7,200	7,200	2,125	5,075
Assessor	68,250	68,250	56,529	11,721
Clerk	61,945	61,945	55,964	5,981
Board of review	1,825	1,475	1,103	372
Treasurer	55,445	55,445	53,633	1,812
Hall and grounds	87,525	85,025	43,196	41,829
Cemetery	42,000	46,000	46,578	(578)
Other	133,800	168,000	85,381	82,619
Total general government	<u>513,235</u>	<u>548,585</u>	<u>398,471</u>	<u>150,114</u>
Public safety:				
Construction code inspections	100,200	165,200	174,197	(8,997)
Fire protection	100,000	107,000	101,369	5,631
911 service	2,100	2,100	1,861	239
Total public safety	<u>202,300</u>	<u>274,300</u>	<u>277,427</u>	<u>(3,127)</u>
Public works:				
Road construction and maintenance	111,700	111,700	61,948	49,752
Street lighting	18,000	18,000	17,222	778
Recycling and waste collection	8,000	8,000	4,582	3,418
Total public works	<u>137,700</u>	<u>137,700</u>	<u>83,752</u>	<u>53,948</u>

Township of Richland**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Community and economic development - planning and zoning	<u>\$ 46,000</u>	<u>\$ 46,000</u>	<u>\$ 40,685</u>	<u>\$ 5,315</u>
Culture and recreation:				
Parks	108,300	83,300	63,964	19,336
Cable television	<u>34,500</u>	<u>34,500</u>	<u>33,574</u>	<u>926</u>
Total culture and recreation	<u>142,800</u>	<u>117,800</u>	<u>97,538</u>	<u>20,262</u>
Capital outlay	<u>60,000</u>	<u>90,500</u>	<u>81,415</u>	<u>9,085</u>
Total expenditures	<u>1,108,885</u>	<u>1,220,735</u>	<u>982,716</u>	<u>238,019</u>
NET CHANGES IN FUND BALANCES	(314,335)	(365,185)	74,874	440,059
FUND BALANCES - BEGINNING	<u>736,541</u>	<u>736,541</u>	<u>736,541</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 422,206</u>	<u>\$ 371,356</u>	<u>\$ 811,415</u>	<u>\$ 440,059</u>

Township of Richland
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Federal grant	\$ -	\$ 30,000	\$ 47,868	\$ 17,868
Interest	2,000	2,000	8,463	6,463
Other - contributions	-	-	20,000	20,000
	<u>2,000</u>	<u>32,000</u>	<u>76,331</u>	<u>44,331</u>
Total revenues	2,000	32,000	76,331	44,331
EXPENDITURES				
Capital outlay	<u>5,000</u>	<u>365,231</u>	<u>356,666</u>	<u>8,565</u>
NET CHANGES IN FUND BALANCES	(3,000)	(333,231)	(280,335)	52,896
FUND BALANCES - BEGINNING	<u>708,042</u>	<u>708,042</u>	<u>708,042</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 705,042</u>	<u>\$ 374,811</u>	<u>\$ 427,707</u>	<u>\$ 52,896</u>

Township of Richland**BUDGETARY COMPARISON SCHEDULE - Water Improvement Fund**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Charges for services	\$ 1,000	\$ 1,000	\$ 17,479	\$ 16,479
Interest	<u>2,000</u>	<u>2,000</u>	<u>7,225</u>	<u>5,225</u>
Total revenues	3,000	3,000	24,704	21,704
EXPENDITURES				
Public works	<u>236,000</u>	<u>236,000</u>	<u>-</u>	<u>236,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(233,000)	(233,000)	24,704	257,704
OTHER FINANCING USES				
Transfer out - 1987 Water District Fund	<u>(26,172)</u>	<u>(26,172)</u>	<u>(26,172)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(259,172)	(259,172)	(1,468)	257,704
FUND BALANCES - BEGINNING	<u>265,677</u>	<u>265,677</u>	<u>265,677</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 6,505</u>	<u>\$ 6,505</u>	<u>\$ 264,209</u>	<u>\$ 257,704</u>

Township of Richland**BUDGETARY COMPARISON SCHEDULE - 1987 Water District Fund**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ 500	\$ 500	\$ 1,555	\$ 1,055
EXPENDITURES				
Public works	<u>175,000</u>	<u>175,000</u>	<u>174,811</u>	<u>189</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(174,500)	(174,500)	(173,256)	1,244
OTHER FINANCING SOURCES				
Transfer in - Water Improvement Fund	<u>26,172</u>	<u>26,172</u>	<u>26,172</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(148,328)	(148,328)	(147,084)	1,244
FUND BALANCES - BEGINNING	<u>147,084</u>	<u>147,084</u>	<u>147,084</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (1,244)</u>	<u>\$ (1,244)</u>	<u>\$ -</u>	<u>\$ 1,244</u>

SUPPLEMENTARY INFORMATION

Township of Richland
COMBINING BALANCE SHEET - nonmajor governmental funds

March 31, 2006

	<u><i>Liquor</i></u>	<u><i>Public Improvement</i></u>	<u><i>Total nonmajor governmental funds</i></u>
ASSETS			
Cash	\$ <u>3,079</u>	\$ <u>118,501</u>	\$ <u>121,580</u>
LIABILITIES AND FUND BALANCES			
Liabilities - due to other funds	\$ -	\$ 1,125	\$ 1,125
Fund balances - unreserved, undesignated	<u>3,079</u>	<u>117,376</u>	<u>120,455</u>
Total liabilities and fund balances	\$ <u>3,079</u>	\$ <u>118,501</u>	\$ <u>121,580</u>

Township of Richland**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2006

	<u>Liquor</u>	<u>Public Improvement</u>	<u>Total nonmajor governmental funds</u>
REVENUES			
Licenses and permits	\$ 1,925	\$ -	\$ 1,925
Interest	-	1,362	1,362
	<u>1,925</u>	<u>1,362</u>	<u>3,287</u>
Total revenues			
	<u>1,925</u>	<u>1,362</u>	<u>3,287</u>
EXPENDITURES			
Public safety	224		224
Public works	-	-	-
	<u>224</u>	<u>-</u>	<u>224</u>
Total expenditures			
	<u>224</u>	<u>-</u>	<u>224</u>
NET CHANGES IN FUND BALANCES	1,701	1,362	3,063
FUND BALANCES - BEGINNING	<u>1,378</u>	<u>116,014</u>	<u>117,392</u>
FUND BALANCES - ENDING	<u>\$ 3,079</u>	<u>\$ 117,376</u>	<u>\$ 120,455</u>